

PM: Fuel prices stay

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PETROL and diesel prices will not go down although the price of crude oil has fallen.

Datuk Seri Abdullah Ahmad Badawi said the price of crude oil was still unstable and unpredictable.

"Because of that, the government does not plan to reduce our petrol and diesel prices," the prime minister, who is also finance minister, said.

Abdullah added that the price of petrol, diesel and cooking oil was fixed and controlled by the automatic pricing mechanism.

"The controls are intended to ensure that the price is affordable for consumers and also to prevent inflation due to rises in worldwide prices," he told the Dewan Rakyat yesterday.

The government, added Abdullah, was prepared to base domestic petrol prices on international market prices.

"However, such a move has to be done with care as it can result in sharp hikes for us

The government subsidy in January and February this year was still significant at more than RM500 million.

Datuk Seri Abdullah Ahmad Badawi

when crude oil prices jump all of a sudden."

Abdullah said the government had spent billions on petrol subsidies over the years.

"Last year, the government spent RM7.3 billion on subsi-

dies for petroleum products, not far off from the RM8.15 billion spent in 2005, although the price of crude oil fell in the last quarter of last year.

"The government subsidy in January and February this year was still significant at more than RM500 million," added Abdullah in his written reply to M. Kulasegaran (DAP-Ipoh Barat), who had asked why petrol and diesel prices had not been reduced despite the fall in crude oil prices.

On whether profits gained by Petronas would be distributed to the public, Abdullah said they would not.

They would instead be channeled to the government in the form of dividends, royalties and income tax.

"All sums received by the government from Petronas is put into a combined provident fund and used by the government in the nation's management and development expenses in the annual budget for the benefit of the public."